COURT NO.2

IN THE HIGH COURT OF UTTARANCHAL AT NAINITAL

Income Tax Appeal No. 59 of 2003

1. The Commissioner of Income Tax, Dehradun
2. Assistant Commissioner of Income Tax, Special Range, Dehradun

....Appellants

Versus

Sedco Forex International Drilling,
Inc. as agent of Mr. J.C. Carde, Dehradun

...Respondent

Dated: February 23, 2006

Learned standing counsel for the appellants.
Mr. Porus Kaka, Advocate for the respondent.

Coram: Hon. P.C. Verma, J.
Hon. B.C. Kandpal, J.

This is an appeal against the judgment and order-dated 04.06.2002, passed by the Income Tax Appellate Tribunal, (Delhi Bench 'E' Delhi) in ITA No. 5525 (Del) of 1996. The dispute relates to the Assessment Year 1993-94.

2. The substantial question of law raised in the appeal is as follows:

> ***Whether on the facts and in the circumstances of the case, the learned Income Tax Appellate Tribunal was legally justified in dismissing the appeal of revenue in holding that interest u/s 234-B was not leviable in respect of incomes which are subject to deduction of tax at source?"***

3. The aforementioned question was considered by a Division Bench of this Court in the case of *Commissioner of Income Tax and another vs. Sedco forex International Drilling Co. Ltd. and connected cases reported in (2003) 264 ITR 320,* in which it was held that that the imposition of interest under Section 234-B was not justified without hearing and without reasons and the question was answered in favour of the assessee and against the Department.

4. In view of the above, we dismiss the appeal. The question in this appeal is answered against the Revenue and in favour of the assessee.

(B.C. Kandpal, J.) **(P.C. Verma, J.)**

Rajeev Dang